GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4556
ANSWERED ON:25.04.2008
EXCISE DUTY ON INTERMEDIATE GOODS
Masood Shri Rasheed

Will the Minister of FINANCE be pleased to state:

(a) whether the excise duty on intermediate input materials like Umbrella Parts are higher than the finished products;

(b) if so, the reasons therefor; and

(c) steps taken/being taken by the Government for rationalization thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)&(b) Excise duty on umbrella is at a concessional rate of 8% whereas parts of umbrellas, in general, attract 14% excise duty. However, since umbrella parts are mostly manufactured in the small scale sector, no excise duty is paid on most parts going into manufacture of umbrellas. Parts captively consumed in manufacture of umbrellas do not attract any excise duty. In case, excise duty is paid on parts, credit of the same is availed by umbrella manufacturer for payment of duty on finished product.

(c) The excise duty rates on umbrellas and umbrella parts have been arrived at taking into consideration all relevant factors. At present, there is no proposal under examination by Government for any change in the duty structure on umbrellas or umbrella parts.